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April 1, 2022

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

In Re: Docket No. 2022-52-E, Dominion Energy South Carolina, Incorporated's 2022 Annual Update on Demand Side Management Programs and Petition to Update Rider

Dear Ms. Boyd,

The Southern Alliance for Clean Energy and South Carolina Coastal Conservation League (collectively, "SACE/CCL") appreciate this opportunity to provide comments on the Dominion Energy South Carolina, Inc. ("DESC" or "Company") 2022 annual update on its energy efficiency ("EE") and demand-side management ("DSM") (collectively, "EE/DSM") programs and the accompanying EE/DSM rider. The purpose of these comments is to:

(1) Highlight the importance of robust EE/DSM programs to DESC's ratepayers, individually and as a whole;
(2) Provide a high-level review of the Company's EE/DSM portfolio and its performance over the review period, along with targeted recommendations; and
(3) Offer recommendations to the Commission regarding ways to improve the usefulness and transparency of the Company's annual EE/DSM proceedings moving forward.

The Importance of Robust EE/DSM Programs to Ratepayers

a. South Carolina's residential electric customers pay the highest electricity *rates* among neighboring states, and due to limited EE/DSM offerings, also pay the highest energy *bills* in the region.

South Carolina residential electric rates are the highest in the South Atlantic region and have consistently exceeded rates paid in neighboring states over the last ten years.[1] Indeed,

[1] See **Attachment A**, *Introduction to Market Reform Options for South Carolina*, Brattle Group, prepared for the S.C. Market Reform Study Committee (Mar. 23, 2022) (Slides 4, 6). In September 2020, the General Assembly passed H. 4940 establishing an Electricity Market Reform Measures Study Committee to evaluate market reform options in South Carolina. The Committee retained Brattle Group as a third-party consultant to conduct the study. Meeting minutes and slides can be found at the following link: https://www.scstatehouse.gov/CommitteeInfo/ElectricityMarketReformMeasuresStudyCommittee/ElectricityMarketReformMeasuresStudyCommittee.php.

residential customers have borne the brunt of rate increases in South Carolina over the past decade; while residential customers have seen their rates increase by approximately twenty percent over the past ten years, industrial customers' rates have remained relatively flat.[2]

In addition, South Carolina customers also pay among the highest energy *bills* in the nation; a 2021 report by the Citizens Utility Board found that South Carolina ranked 43rd in the nation in terms of overall energy affordability, and 47th in terms of household electricity costs as a percentage of income.[3] This is a clear indication that customers do not currently have sufficient tools—such as access to EE/DSM programs—that would help them use less energy to keep their bills low.[4]

Unfortunately, DESC's customers are likely to see further increases to their bills in the near future. Through the fuel rider, the Company is able to pass the costs of the fuel it uses to run its natural gas plants directly through to customers, and these costs increased significantly in 2021 due to spikes in natural gas prices. In the Company's ongoing 2022 annual fuel cost proceeding (Docket No. 2022-2-E), DESC is proposing an increase to its fuel rider that would add $6.53, or 5.19%, to the monthly bill of a residential customer using 1,000 kilowatt-hours per month.[5]

b. EE/DSM programs are a key tool to help customers control their energy bills in the short and long-term.

The letters of protest filed by customers in this proceeding are a clear indication of the struggles that many DESC customers already face paying their energy bills, and it is understandable that they are concerned about the Company' s proposed increase to their EE/DSM rider.

However, the solution to these concerns is not to cut back on the Company's EE/DSM programs, but to expand them. Cost-effectiveness testing for EE/DSM programs ensures that the benefits to customers from the Company's EE/DSM portfolio exceed the Company's costs to offer those programs, and even more importantly, EE/DSM programs are simply the most effective and lowest-cost tool available to help customers manage their energy bills and hedge against other rate increases, such as the proposed increase to the fuel rider.

Certainly, customers that do not participate in EE/DSM programs see fewer benefits from these programs compared with participating customers (though, as discussed below, non-participants also benefit from the reduced system costs associated with EE/DSM). But the solution to this concern is to ensure that the Company is maximizing the ability for customers to participate in these cost-saving programs, and that the programs being offered are delivering deep, long-

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[2] Id. at Slide 5.

[3] See **Attachment B**, *Electric Utility Performance: A State-By-State Data Review*, Citizens Utility Board (July 2021), at 6.

[4] Id. at 2 ("It is noteworthy that many of the states with the lowest per unit power costs actually have some of the highest average residential bills. Partly this is due to differences in weather, but energy efficiency and other cost-effective clean energy resources suppress power bills over time, particularly in restructured states. Consumers at the end of the day pay bills, not rates, so analysis of any program or policy suite must examine the impact over time on energy bills."

[5] Direct Testimony of DESC Witness Allen W. Rooks, Docket No. 2022-2-E, at p. 16 ll. 16-18.

lasting savings to customers. That will ensure that individual households are able to realize bill reductions that exceed any associated costs for the EE/DSM rider itself.

EE/DSM programs also help keep costs down at the system level and can prevent or defer the need for utilities to invest in new, more expensive generation resources such as natural gas plants which also pose other cost risks, such as the risks associated with fuel cost volatility. Importantly, the ability of EE/DSM programs to prevent the need for new generation is not hypothetical—as one example, after Duke Energy Progress led a collaborative effort to reduce energy usage in the Asheville, NC area using EE, DSM, solar, and storage, the utility was able to cancel its plans to build two new combined cycle units in the area.[6]

Review of DESC's EE/DSM Portfolio and Recommendations

For the review period of December 1, 2020 to November 30, 2021 (Program Year 11), the Company's EE/DSM portfolio achieved total savings of 87,756 MWH, representing .41% of the DESC's prior year retail sales.[7] While this is a significant increase from the prior year, where DESC only achieved .21% savings—largely due to program disruptions caused by COVID-19—it still falls far short of the Company's goal of reaching 1% savings.[8] The Company's portfolio savings over the review period also fell approximately 8% short of the Company's projected savings of 94,911 MWH.[9]

SACE/CCL are confident that the Company can achieve 1% energy savings and beyond cost-effectively and appreciate the Company's efforts to incorporate some of stakeholders' recommendations in pursuit of this goal. For example, in Program Year 12, the Company is planning to nearly double participation in its Neighborhood Energy Efficiency Program in its next program year. The Company has also, as part of its Home Energy Checkup program, begun implementing Tier 2 energy audits that will include measures such as insulation and air sealing. These programs include key measures—such as HVAC replacements and building envelope improvements—that will deliver long-lasting, deep savings to customers.

However, the Company's EE/DSM portfolio continues to rely heavily on expanding behavioral programs, such as Home Energy Reports, that are unlikely to deliver savings that will persist over time. SACE/CCL recommend that DESC look for ways to improve the effectiveness of this program by reviewing other successful behavioral programs, such as the Home Energy Reports offered by Opower,[10] and implementing modifications to its own program to ensure that

[6] N.C. Utils. Comm'n, Docket No. E-2, Sub 1089, Duke Energy Progress, LLC Western Carolinas Modernization Project Annual Progress Report (Mar. 28, 2019), available at https://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=0115b826-eac8-4040-9fe8-3fcf6e07fd6e.

[7] These savings calculations have not yet undergone evaluation, measurement, and verification. DESC Response to ORS Audit Request 1-9(a) and (b); 2020 annual sales data from Energy Information Administration Form EIA-861- schedules 4A & 4D and EIA-861S, Table 10.

[8] See Southern Alliance for Clean Energy, *Fourth Annual Report on Energy Efficiency in the Southeast* (Feb. 2022) at 14, https://cleanenergy.org/wp-content/uploads/Energy-Efficiency-in-the-Southeast-Fourth-Annual-Report.pdf.

[9] DESC Response to ORS Audit Request 1-9(a) and (b).

[10] https://www.oracle.com/a/ocom/docs/industries/utilities/utilities-opower-home-energy-reports.pdf.

its reports provide useful, actionable information to customers. Further, we believe the Company can and should comprehensively evaluate—and implement—broader changes to its programs to streamline customers' experience and expand access to deeper energy efficiency savings.[11] SACE/CCL look forward to continuing to work with the Company and the EE Advisory Group to identify these opportunities, particularly as the Company works to develop its upcoming Market Potential Study and 2023 Integrated Resource Plan.

However, the Commission can and should play a role in ensuring that the EE Advisory Group process is working as intended to improve the Company's EE/DSM portfolio. As discussed further below, we recommend that the Commission require DESC to include more comprehensive information in its annual filings about the performance of the Company's EE/DSM portfolio and steps it has taken to improve its performance or address shortfalls in achieving its goals, so that the Commission can better evaluate the Company's performance in future filings and order modifications as needed.

Recommendations to the Commission

While the Commission's Order on the Company's 2020 Integrated Resource Plan has resulted in some improvement to the Company's portfolio, SACE/CCL remain concerned by the Company's lackluster EE/DSM performance relative to its peer utilities and its own stated savings goals. Put simply, the Company's failure to pursue all incremental cost-effective energy efficiency opportunities represents customers' money wasted, and lost opportunities to avoid unnecessary generation.

The Commission has the authority to assess the performance of the Company's EE/DSM portfolio in its annual rider proceedings and take steps to mandate improved performance if needed. S.C. Code Ann. § 58-37-20 permits the Commission to "adopt procedures that encourage electrical utilities and public utilities providing gas services subject to the jurisdiction of the commission to invest in cost-effective energy efficient technologies and energy conservation program," without specifying whether those "procedures" must occur in any one docket or type of proceeding. What matters instead is that the Commission is actively encouraging investment in cost-effective energy efficiency programs. The passage of the Energy Freedom Act increased the urgency of this directive by articulating the General Assembly's finding that "there is a *critical need* to: …(2) provide opportunities for customer measures to reduce or manage electrical consumption from electrical utilities in a manner that contributes to reductions in utility peak

[11] SACE/CCL are encouraged by the Company's application to develop an energy efficiency portfolio for its gas customers, filed in Docket No. 2021-361-G. However, upon reviewing the Company's application, testimony, and discovery, the Company has not completed any analyses on the potential benefits and/or cost-effectiveness of a co-funded electric and gas program that could maximize savings for customers by offering measures that save both gas and electricity, such as insulation and air sealing. Nor has the Company evaluated the gas efficiency equipment for which rebates will be offered in its proposed program against the high efficiency electric alternatives to that gas equipment. We look forward to participating in Docket No. 2021-361-G to further elaborate on these recommendations.

electrical demand and other drivers of electrical utility costs." S.C. Code Ann. § 58-27-845(2) (emphasis added).

These annual rider proceedings are a natural and appropriate way for the Commission to ensure the Company is actually achieving its stated EE/DSM savings goals and maximizing benefits to ratepayers, and if that is not the case, to order modifications to the Company's programs. Indeed, the Commission's Order on DESC's 2021 EE/DSM proceeding noted that the Commission would review the Company's achieved savings relative to its forecasted savings and the 1% savings target in future proceedings. For example, Commission directed the Company to "revisit the methodology used in establishing energy savings projections to ensure better alignment of actual energy savings with projections in the Company's future filings." Order No. 2021-295 at 8. More broadly, the Commission expressed its intention to continue to monitor the Company's progress toward the often repeated—but still elusive—1% savings goal, a goal the Company has found can be achieved cost-effectively. Id.

To that end, SACE/CCL recommend that the Commission as a first step require the Company to provide more detailed information about its program performance in its annual EE/DSM filings so that it can be more thoroughly evaluated**.** Currently, the Company's annual filing does not provide the Commission with the information necessary to assess its program performance. In fact, the Company does not currently provide the most basic and universally accepted metric for assessing the performance of the Company's EE/DSM portfolio, namely, a simple calculation of the savings the Company achieved over the program year as a percentage of its prior year retail sales.

We recommend that the Commission order DESC to adopt and include in its annual filing a standard annual reporting protocol similar to the one used in Arkansas.[12] Arkansas utilities' annual reports include a narrative of description of the utility's annual efficiency performance filing and an Excel workbook that provides key data and information—such as savings levels, budgets, and cost-effectiveness results, in an easy to use format.[13] We further recommend that DESC be required to report its overall savings levels as a percentage of its prior year retail sales, including savings calculations both inclusive of *and* net of opt out customers' load. This simple reporting mechanism would significantly improve the transparency and utility of the Company's annual EE/DSM proceeding.

In addition to the above data, we recommend that the Company in its annual EM&V filings be required to provide an explanation of any programs for which the Company did not achieve its projected savings and what steps the Company has taken to address these shortfalls.

Finally, SACE/CCL recommend that the Commission modify its procedural schedules in future DESC annual energy efficiency proceedings to include the comment deadline of April 1. The comment deadline for the Company's annual DSM/EE proceedings is set forth in a nearly decade-old Order issued in DESC's 2013 annual DSM/EE proceeding. Order No. 2013-826 at 20.

[12] The workbook can be found at the following link under "SARP Workbook Version 4.0": http://www.apscservices.info/ee.aspx.

However, the Notice of Filing issued in this proceeding does not provide a comment deadline or any direct reference to that Order, and sets forth an intervention deadline of April 11, which is later than the April 1 comment deadline established under Order No. 2013-826.

SACE/CCL believe that this omission could create confusion for interested parties who may not be familiar with that 2013 Order and could deter or prevent new parties' participation in these annual proceedings. SACE/CCL therefore recommend that the Commission simply include the April 1 comment deadline in its procedural schedules in the Company's EE/DSM proceedings moving forward to ensure that potential parties have reasonable notice of the comment deadline**.**

We appreciate the Commission's consideration of our comments.

Respectfully submitted,

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Counsel for S.C. Coastal Conservation League and Southern Alliance for Clean Energy

CERTIFICATE OF SERVICE

I hereby certify that the parties listed below have been served via first class U.S. Mail or electronic mail with a copy of the *Comments on Dominion Energy South Carolina, Inc.'s 2022 Update on Demand-Side Management Programs and Petition to Update Rider* on behalf of the South Carolina Coastal Conservation League and Southern Alliance for Clean Energy in Docket No. 2022-52-E.

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This 1st day of April, 2022.

s/ Kate Mixson